

23P242

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Name:

Reg. No:

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2024

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM2 C08 – STRATEGIC COST ACCOUNTING

(Commerce)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part-A

Answer any *four* questions. Each question carries 2 weightage.

1. Define costing.
2. Define cost accountancy.
3. What is a discretionary fixed cost?
4. What is inter process profit?
5. What is marginal costing?
6. What is project life cycle cost?
7. What is backflush accounting?

(4 × 2 = 8 Weightage)

Part-B

Answer any *four* questions. Each question carries 3 weightage.

8. What are the practical difficulties in installations of costing system?
9. Distinguish between cost centre and cost unit.
10. Product X requires three distinct processes and after the third process the product is transferred to finished stock. You are required to prepare various process accounts from the following information:

	<u>Total</u>	<u>P1</u>	<u>P2</u>	<u>P3</u>
Direct materials	5,000	4,000	600	400
Direct labour	4,000	1,500	1,600	900
Direct expenses	800	500	300	--
Production overheads	6,000	--	--	--

Production overheads to be allocated to different processes on the basis of 150% of direct wages. Production during the period was 200 units. Assume there is no opening or closing stock.

(1)

Turn Over

11. During June, 2019, in Process A 2,000 units have been introduced. At the end of the process 460 units remained as closing work-in-progress, on which the degree of completion is: Material 75% complete, labour 50% complete and overheads 50% complete. Calculate effective production.

12. From the following information calculate throughput:

Total Processing time	80,000 hours
Total Value-added processing time	20,000 hours
Total quantity of product manufactured	100,000 tons
Total quantity of good production manufactured and sold	88,000 tons

13. X Ltd. is planning to introduce a new product in the market. The relevant data is given below:

	Selling price per unit	Material cost per unit	Labour hours per unit
A	90	50	1
B	50	25	1
C	60	40	1

The labour hours are limited to 4,000 hours. If demand of the above products is unlimited, which product is giving maximum throughput?

14. Define productivity. Distinguish it from production.

(4 × 3 = 12 Weightage)

Part-C

Answer any *two* questions. Each question carries 5 weightage.

15. How do you classify costs according to behaviour?

16. A product of a manufacturing company passes through two processes A and B then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from Process A and B realises 80 per tonne and 200 per tonne respectively. The following are the figures relating to both the processes:

	Process A	Process B
Materials in tonnes	1,000	70
Cost of material per tonnes (Rs)	125	200
Wages (Rs)	28,000	10,000
Manufacturing expenses (Rs)	8,000	5,250
Output in tonnes	830	780

Prepare the process cost accounts showing the cost per tonne of each process. There was no stock or work-in - progress in any process.

(2)

17. Global Ltd provides the following information relating to its products X and Y.

	Product 'X'	Product 'Y'
Yearly output	3,000 Units	30,000 Units
No. of machine hours per unit	4	4
No. of Labour hours per unit	8	8
Total machine hours	12,000	1,20,000
Total Labour hours	24,000	2,40,000
No.of purchase orders	240	480
No.of set up	120	180

The overhead cost of the activities has been as under.

Volume related	3,30,000
Purchase related	3,60,000
Set-up related	<u>6,30,000</u>
	<u>13,20,000</u>

Calculate the total cost of the two products separately under.

- (i) Traditional costing system.
- (ii) Activity based costing method.

18. How does backflush accounting work?

(2 × 5 = 10 Weightage)

(3)